

been, assessed in respect of fire protection districts in British Columbia which are incorporated under the Water Act. There are quite a few instances of this. The interpretation has been that they are not municipalities and therefore the excise tax is assessed. I see there is something in the legislation about quasi-municipalities, but I am sure they will not qualify either. Unless the act is properly worded, these bodies will be assessed. This is discrimination and it is very unfair, Madam Chairman.

Mr. Cullen: Madam Chairman, I was simply pointing to the irrigation districts as an example of what the hon. member said had taken place. He is now citing cases where it has not. It seems to me that he might have an argument with the Department of National Revenue about the interpretation.

Mr. Munro (Esquimalt-Saanich): Madam Chairman, I should like to endorse the comments made by the hon. member for Okanagan Boundary. In my riding there are sections of unorganized territory, water distribution falling under the provincial government. But there is no provision in this wording. It is a matter of terminology. We ask that the significance of the term "municipality" be somehow enlarged to take into account all the authorities responsible for public works of this sort, and that they be exempt at the provincial government or regional government or municipality or district council level.

I think the intent is there, but the wording is such that there will be neighbouring areas entitled to the same service, one of them being taxed and the other not. If the parliamentary secretary or the minister would look into this question and broaden the definition of "municipality" to take all these cases into account, it would be helpful.

Mr. Cullen: Madam Chairman, the point I am trying to make is that we do not feel it necessary at this time. I would indicate to the hon. member that the Excise Tax Act section 2(1) provides that the governor in council may determine if an incorporated local authority is a municipality for the purposes of the act. If we broadened the definition we could still get that kind of interpretation from Revenue Canada, but I think a determination has to be made under that section. Sometimes they would decide for, and sometimes against, but I think an incorporated body would have little difficulty.

Mr. Munro (Esquimalt-Saanich): But we are talking about unincorporated bodies.

Mr. Cullen: Madam Chairman, I do not think the hon. member will ever see that particular change made. I think the decision has to be made eventually to incorporate. If it is performing a particular service, it could become incorporated. If it is not incorporated, there is probably a good case under a provincial act that it should not be considered in the same category.

Mr. Brisco: First of all, Madam Chairman, I should like to thank the minister for including clause 18 in this bill, because it certainly will benefit a number of communities in my riding and elsewhere in Canada. I can reinforce the remarks of the hon. member for Esquimalt-Saanich and the hon. member for Okanagan Boundary and say that indeed we have in British Columbia areas called regional

Excise

districts which are represented by elected officials. A regional district serves the same purpose as a county council in Ontario. It has certain powers of taxation; it receives funds from the municipalities in order to carry out tasks that a single community is not financially able to perform. It would be reasonable to suggest that instead of confining this particular clause to a municipality, it be extended to cover any area represented by an elected body. This would look after regional districts, county councils or whatever may be the title.

This would not be a great imposition, Madam Chairman. Some latitude is allowed a private individual to transfer a water system to a municipality, but suppose that water system were transferred to a regional district. Would this tax apply then? I suggest we should make a very simple amendment to include any area represented by an elected body, instead of confining it to a municipality.

Mr. Whittaker: Madam Chairman, it would appear to me that the minister is saying he does not want to change this clause; he will leave it as it is, and if there is any difference of opinion on the excise tax, it will have to be battled out with the Department of National Revenue. But my battle is with the Minister of Finance and it is to have the words changed and the thing done properly. In February, 1973, we tried to get a ruling of a Department of National Revenue official changed, but with no success. I have had the same experience in trying to get the Minister of National Health and Welfare to change a ruling, and I have had this experience with other ministers.

● (1750)

Ministers have not changed the rules to conform with the experience of people in the field. In view of this, I submit that the wording of the clause should be changed. I do not see why certain incorporated areas should not be granted the same taxing authority as municipalities. They serve the purpose served by a municipality but are not defined as municipalities under the act. I therefore plead with the minister to widen the meaning of the act so that the sort of problem I have referred to will not arise.

Mr. Lambert (Edmonton West): Madam Chairman, may I underline what my colleagues from British Columbia have said. I was involved in the fight two years ago when we considered this legislation, particularly paragraph 1(b) of part XII of the act, which reads in part:

equipment, at a price in excess of five hundred dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting...

I distinctly recall that the minister of national revenue of the day categorically refused to recognize as municipalities British Columbia improvement districts, or whatever they are called. He did not consider them as municipal organizations and he insisted that the burden lay on the Minister of Finance to change the act or on the government of British Columbia to conform to the Excise Tax Act and define organized districts as municipalities. That was a cavalier attitude and strong representations were made on the subject. We have not heard anything about it. Why should such organized districts, which have a narrower taxing base than fully organized municipalities, be penalized simply because the government refuses to con-